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CITIZENS SUMMARY

Findings in the audit of the Office of Attorney General

Contingency Fee Contracts

The Attorney General's office (AGO) retained the right to reject proposals for contingency fee contracts even though state law does not include any provision for doing so once the Office of Administration (OA) has taken over the bid process. The Attorney General also accepted campaign contributions from law firms that submitted proposals. The AGO should not retain the power to reject responses or solicit new responses for contingency fee contracts after it requests the OA to handle the procurement process.

As of April 2012, bids/responses to three different request for proposals (RFP) were being evaluated related to lawsuits regarding: 1) the drug Avandia, 2) the Petroleum Storage Tank Insurance Fund, and 3) the pharmaceutical industry's use of average wholesale pricing violations. The state may recover a substantial amount of monies from these three lawsuits, and the chosen law firms may receive significant fees. The AGO has retained the right to reject responses to the RFPs and/or solicit new responses at the AGO's sole discretion, but Section 34.378.2, RSMo, contains no provision allowing the AGO to retain control over the procurement process once it requests the OA to issue an RFP. After we discussed concerns related to the procurement of these contracts, the AGO withdrew the RFPs.

Moreover, during 2011, 13 out of 28 law firms (46 percent) and/or members of the firms that submitted proposals on one or more of these RFPs made campaign contributions to the Attorney General totaling over \$170,000.

State law does not provide adequate guidance concerning the appointment of the independent panel to evaluate proposals. Additional guidance could help ensure the panel is truly independent and non-partisan.

Professional Services

For the 3 years ended June 30, 2011, the AGO spent approximately \$4.6 million for legal and expert witness services, but the AGO does not always prepare and retain documentation to show how and why it selected those particular attorneys and experts. For 20 of the 56 (36 percent) payments reviewed, there was no documentation to explain how the AGO made the selection.

Office Policies and Procedures

The AGO relies upon periodic observations by timekeepers in each division to determine when employees are present. This system provides little assurance that time worked is accounted for fully and accurately. Although attorneys prepare manual timesheets, audit staff found numerous errors when comparing the manual time sheets to the case management computer system time records. Employee leave requests were not always reconciled to the timesheets. A standardized timesheet and/or an electronic timesheet would help reduce errors and improve the efficiency of the timekeeping process.

The AGO does not routinely track costs per case when reimbursement is not available, but this information could be useful in assessing overall office performance and in making strategic case decisions. The AGO only prepares performance appraisals for professional staff, but performance appraisals for administrative support staff could also help evaluate employee job performance and assist in personnel decisions.

Internal Control Procedures	The AGO has not adequately segregated some accounting duties in the Financial Services Division (FSD) and does not perform a supervisory review of these tasks. Also, FSD employees do not prepare an initial record of receipts for monies received through the mail, making it harder to ensure all monies received are accounted for properly.
Contingency Plan	The AGO has not developed a formal, written contingency plan for resuming normal business operations and recovering computer systems and data in the event of a disaster.

In the areas audited, the overall performance of this entity was **Fair**.*

American Recovery and Reinvestment Act (Federal Stimulus)	The Office of Attorney General did not receive any federal stimulus monies during the audited time period.
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*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.